

CABINET MEETING

OF

SEPTEMBER 18, 1968

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The White House

A T T E N D A N C E

Cabinet Meeting of Wednesday, September 18, 1968

MEMBERS OF THE CABINET

Vice President Humphrey
Secretary Rusk
Secretary Fowler
Attorney General Clark
Postmaster General Watson
Secretary Udall

Secretary Freeman
Secretary Smith
Secretary Wirtz
Secretary Cohen
Secretary Weaver
Secretary Boyd

STAFF

Walt Rostow
Douglass Cater
Harry McPherson
Charles Maguire
Harry Middleton

Barefoot Sanders
Mike Manatos
DeVier Pierson
Bob Hardesty
Ernie Goldstein

OTHERS

Arthur Okun
Charles Zwick

Richard Helms
John Macy

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MINUTES OF CABINET MEETING

September 18, 1948

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The President convened the meeting at 12:00 p.m., calling on Secretary Rusk to discuss the current situation in East Europe.

SECRETARY RUSK 12:07 - 12:25 p.m.

Liberalization in Czechoslovakia has suffered a real setback. Weakened prospect that liberal leaders will survive -- not sure at present. Czech public is trying to go underground. Deep feelings of opposition to the occupying forces. Evidence that occupying soldiers feel frustration. A real headache for the Communist movement. My long range hunch: this was a major mistake by Soviet leadership.

We have restricted bilateral relations with the participating countries, cancelled participation in Bulgarian Trade Fair; cut back in cultural and scientific and technical exchanges.

Possible threats to Rumania and Yugoslavia seem to be reduced. Soviets are improvising. Their best troubleshooter, Kuznetsov, is trying to work things out in Prague.

One of our main problems is knocking down the stories that there was some kind of a tacit agreement between the United States and the Soviets on Czechoslovakia and the bloc. Some of this is due to the Soviets black propaganda and some of it to DeGaulle and his thesis of two superpowers dividing up the world.

In NATO, there have been no suggestions for military reprisals or trade sanctions. Our trade with West Europe is 4% of West Europe's trade with East Europe. There is just no interest in West Europe in sanctions. The NATO countries are in consultation now regarding the consequences of the new Soviet troop dispositions. Ten Soviet divisions have now moved into Central Europe.... There are around 300,000 troops in Czechoslovakia that were not there before. Consequences could be serious if they stay as a large force on the border of Bavaria. The NATO countries may have to take prudent counter action, we just don't know yet. The fact that NATO is talking about

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it may put some pressure on the Soviets to remove these troops.

"I think we can expect a considerable increase in defense budgets. Western Germany will increase theirs and other Western Europe nations will follow. Canada may also raise its budget. Also, I think we can say that a great deal of steam has gone out of the efforts here at home to withdraw troops from Europe, but those efforts will resume after things have quieted down."

Secretary Rusk continued with a report on non-military progress in South Vietnam since TET.

"There is systematic action now against corruption. Forty persons have recently been tried and found guilty. There are some vacancies in the Government now, as the posts are no longer attractive without opportunities for corruption. There is no longer that kind of compensation for being a target of the Viet Cong.

"We have also seen considerable relief of court congestion. Fertilizer has been placed on the open market. On August 22, a directive was issued ordering all Government employees to declare all their personal property.

"The Assembly came through the TET offensive in pretty good shape. Legislation for a Supreme Court has been passed. The budget has been passed. There are new political organizations appearing, labor and religious groupings with practical social programs.

"There has been a dramatic improvement in agriculture, due largely to intensive use of the new rice strain. We also have a new Agricultural Credit Bank and the use of fertilizers is as high now as in any country in Southeast Asia. It is estimated that tax revenues will increase 30% for the rest of this year. The port of Saigon has shown a dramatic improvement.

"To sum it up, there has been progress all along the line. It is slow but it is steady and solid. All the trends are right.

"I want to call the attention of my Cabinet colleagues to a really desperate situation with the House Subcommittee on Foreign Aid appropriations. The Subcommittee has now cut far below the Passman recommendations. Authorization for development loans has been

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